

Dream Group of Companies

Dream Office REIT (D.UN)

Dream Office REIT (TSX: D.UN) is an unincorporated, open-ended real estate investment trust. D.UN is focused on owning, leasing and managing well-located, high-quality office properties. The portfolio comprises office properties predominantly located in downtown Toronto.

27

properties⁽¹⁾

88.0%

portfolio occupancy (including committed)⁽¹⁾

5.1 million

square feet of gross leasable area (GLA)⁽¹⁾

\$2.9 billion

total assets

All figures as at September 30, 2020.

(1) Excludes investment in joint ventures, acquired properties, properties under development and assets held for sale as at September 30, 2020.



212 King Street W
Toronto, ON

Built in 1907 as the HQ of the Canadian General Electric Company.

Key Accomplishments

D.UN 2019 Highlights

Environmental

- 438 University Avenue upgraded to LEED Operations and Maintenance v4.1 Platinum [↗] certification
- 12% of properties are Leadership in Energy and Environmental Design (LEED) certified
- 100% of Canadian properties over 100,000 square feet are BOMA BEST [↗] certified
- 100% of the portfolio is using ENERGY STAR Portfolio Manager (ESPM) [↗]
- 23,819 tCO₂e* total 2019 GHG emissions (tCO₂e)
- 4.5* 2019 Greenhouse gas (GHG) emissions per sq. ft. (kgCo₂e/sq. ft.)
- 0.7%* reduction in energy consumption from 2018 to 2019
- 1.85%* reduction in water consumption from 2018 to 2019
- 25.7% of GLA is separately metered or sub-metered for energy consumption
- 2.8% of GLA is separately metered or sub-metered for water consumption
- 100% of Canadian Dream Office properties have annual indoor air-quality testing
- Installed Base Building Network (BBN) at eight sites in downtown Toronto, with another two underway. BBN enhances interconnectivity for smart building solutions and cybersecurity protections
- Upgraded to a more robust energy management platform to help better track sustainability metrics using a market leading provider
- Installed rooftop beehives at two properties: Adelaide Place in Toronto and Kensington House in Calgary, Alberta
- Received approvals for over \$400,000 in utility incentives for energy management projects from Ontario's Independent Electricity System Operator's (IESO), SaveOnEnergy program, Enbridge, the Government of Canada and other programs
- 11 properties completed LED light retrofits
- Won BOMA Toronto's Beyond Earth Hour Challenge [↗] landlord award for impressive energy reductions over earth hour weekend at 67 Richmond Street West

* Energy, GHG emissions and water data stated in the scorecard reflects like-for-like data and excludes properties under development and the following assets: 12800 Foster Street, Overland Park, Kansas; 234 – 1st Avenue South, Saskatoon, Saskatchewan; 212 King Street West, Toronto; 220 King Street West, Toronto. Dream Office GHG emissions represent all offices where Dream pays the utility bills. Year-over-year comparisons represent a like-for-like scenario and includes buildings where full 2014-2019 data is available.

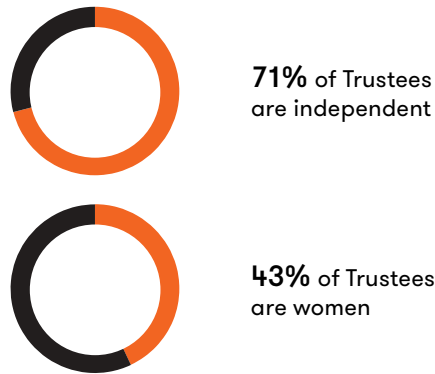
* Dream Office GHG emissions are calculated in accordance with the Greenhouse Gas Protocol. They capture activities Dream Office has direct and indirect operational control over:

- Scope 1 emissions generated directly from its operations, including heating within Dream's offices
- Scope 2 emissions indirectly associated with generation of purchased electricity, heating, cooling and steam consumed by offices
- Scope 3 emissions indirectly associated with energy consumption related to water use

Social

- \$230,225 paid out towards employee tuition and professional fees*
- 78.8% of tenants surveyed reported high satisfaction with their landlord/manager/ owner's level of customer service
- 38% of employees and 50% of managers are women*
- Developed Return to Operations [↗] plans to ensure the safe return of our tenants to our buildings amid the COVID-19 pandemic
- 58.6% of tenants surveyed reported feeling that they worked in one of the best buildings in the market

Governance**



* Dream Office Management Corp. employees.
** As at November 13, 2020.

Launched Lane [↗], a tenant experience platform for commercial office buildings.



357 Bay Street
Toronto, ON

Our ESG Approach



Artist rendering, ©2020 SHOP ARCHITECTS PC. All Rights Reserved.

Sustainable buildings are desirable buildings.

Developing and maintaining high-quality, energy efficient office buildings has become a differentiator that allows us to appeal to a broader range of tenants and sustain high occupancy rates.

D.UN has been integrating sustainability best practices into our operations since 2011. We work hard to reduce our energy use, water use and greenhouse gas (GHG) emissions, as well as divert waste to benefit the environment and our tenants. Our experience as operators also gives us a competitive advantage in repositioning buildings to increase their value and reduce their environmental impact. Improving the resource efficiency of our buildings through capital upgrades is strongly aligned with our purpose to Build Better Communities as we find opportunities to transform our buildings into modern hubs that are positioned to meet market expectations now and into the future.

Sustainability at D.UN is guided by policies that cover activities across the value chain, including our Guide to Sustainable Building Operations and Environmental Management Handbook for operations and our Tenant Sustainability Handbook and Occupant Environmental Communication Program for customer relations.

For a full list of policies, please contact us at officeinfo@dream.ca.

Scorecard

Environmental Indicators

Topic	2019 Progress	2025 Targets
Energy Consumption*	0.7% year-over-year energy consumption reduction from 2018-2019	10% total reduction of energy consumption by 2025 versus 2019 baseline
Greenhouse Gas Emissions (GHGs)*	2.9%* year-over-year GHG emissions reduction from 2018 to 2019	10% total reduction of emissions by 2025 versus 2019 baseline
Water Consumption*	1.85% year-over-year water consumption reduction	10% total reduction in water consumption by 2025 versus 2019 baseline
Waste Diversion**	42%	75% average diversion rate across the portfolio by 2025
Green Building Certification	On track	100% certification (any program) of all Canadian office sites by 2025

Social Indicators

Topic	2019 Progress	2025 Targets
Workforce Statistics	48% of managers are women	Commitment to diverse workforce
Employee Development	\$230,000 paid to D.UN employees for tuition and professional development fees	Commitment to employee development
Employee Donations	450 gifts donated to Tree of Dreams	Commitment to local communities and social causes
Employee Satisfaction	Launching an employee survey in 2021	Commitment to assess and improve employee well-being and develop a strong employer brand

Governance Indicators

Topic	2019 Progress	2025 Targets
Board Gender Balance	43% of D.UN Trustees are women	Aspiration to have gender diverse Board of Trustees
Board Independence	71% of D.UN Trustees are independent	Aspiration to have high ratio of independent Trustees

* Energy, GHG emissions and water data stated in the scorecard reflects like-for-like data and excludes properties under development and the following assets: 12800 Foster Street, Overland Park, Kansas; 234 – 1st Avenue South, Saskatoon, Saskatchewan; 212 King Street West, Toronto; 220 King Street West, Toronto. Dream Office GHG emissions represent all offices where Dream pays the utility bills. Year-over-year comparisons represent a like-for-like scenario and includes buildings where full 2014-2019 data is available.

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- Scope 3 emissions indirectly associated with energy consumption related to water use

** Waste Diversion data stated in the scorecard only includes data from D.UN properties located in the Greater Toronto Area.


Environmental

Energy Efficiency

Improving energy efficiency is an important part of our operational strategy. It reduces utility costs, decreases our GHG emissions and lowers our climate change impact. We achieved energy efficiency and conservation through capital investments in technological and operational improvements, process changes and modifying occupant behaviours. Further, all of D.UN’s properties are equipped with a real-time operating system that enables property managers to view electricity consumption data in 15-minute intervals to better manage each building’s environmental impact and stress on the grid.

In 2019, we completed energy audits throughout the portfolio to identify opportunities for energy efficiency improvements. Opportunities identified have been incorporated into 10-year capital plans for each property. Each capital plan includes upgrades such as building automation system upgrades, LED retrofits, heating, ventilation and air conditioning improvements and retro-commissioning projects. We are currently in the process of sequencing and prioritizing actions to be taken at each property to optimize performance.

From 2014 to 2018, D.UN exceeded both its 10% energy and water consumption reduction targets, decreasing energy by 13.5% and water by 15.1%. D.UN continues to raise the bar by setting new targets to meet by 2025. The 2025 targets were internally established in collaboration between the Asset Management, Technical Services, and the Sustainability team, with approval from senior management.



Case Study

Peak Power

Thanks to an innovative partnership with Peak Power, tenants at Adelaide Place and 30 Adelaide Street East in Toronto can purchase an electric vehicle at a discounted lease. Peak Power, a software developer that helps building owners, project developers and utilities operate more energy efficiently installed a two-way charging infrastructure at these buildings that allows electric vehicles to send electricity back to the building during “peak” demand periods. This reduces the building’s overall energy costs, with a portion of the savings going to drivers. The technology was developed by Peak Power along with Ontario Power Generation to help make the transition to electric vehicles more attractive to consumers. Peak Power uses machine learning, a form of artificial intelligence, to predict high electricity demand, which can form over 65% of a typical electricity bill. We are currently exploring expansions of this technology to other eligible D.UN properties in downtown Toronto.

Environmental

Climate Change

As part of a flood risk and catastrophic loss risk assessment conducted in 2020, we identified properties in our portfolio that are at risk of losses from 50, 100, 200 and 500-year floods. Our next step in this process is to develop site-specific water damage mitigation plans based on the results of the assessment.

Number of At-Risk Assets from Flooding*

	50-year flood	Floor area (sq. ft.)	100-year flood	Floor area (sq. ft.)	200-year flood	Floor area (sq. ft.)	500-year flood	Floor area (sq. ft.)
D.UN	-	-	2	88,000	-	-	2	238,000

* Floor area square footage is based on Gross Leasable Area (GLA).
* Assets that may be classified under more than one category by default are not duplicated in the figures in the other time categories.

Water Management

We aim to minimize our use of potable water and decrease water consumption where possible through fixture retrofits and efficiency upgrades. Water management plans at each building provide a framework for identifying water conservation measures, developing implementation plans and setting building targets.

Supplier Engagement

D.UN practices responsible supply chain management by including sustainability specific requirements in our procurement and contracting processes. We manage these practices through our Green Procurement Policy, Purchasing Policy, relevant building certification requirements as well as through the use of services including ContractorCheck and RiskCheck. These tools help us to ensure that products used at our buildings have passed environmental product and process standards and that all on-site contractors operate within safe and fair working conditions. Compliance with these policies is monitored by our property management teams.

Case Study

Rooftop Beehives

We partnered with Alveole to promote the growth of a healthy population of bees at two of our properties: Adelaide Place in downtown Toronto & Kensington House in Calgary, Alberta. This initiative demonstrates our commitment to responsible stewardship of the environment at our properties and developments. In addition the feedback from our tenants has been overwhelmingly positive and they love the honey that is produced.



Building Certifications

100% of all Canadian properties over 100,000 square feet are BOMA BEST certified with operating standards requiring ongoing management of energy, water and waste. Additionally, we are also raising the bar and challenging our sites to achieve a BOMA Gold Certification standard across the portfolio moving forward.

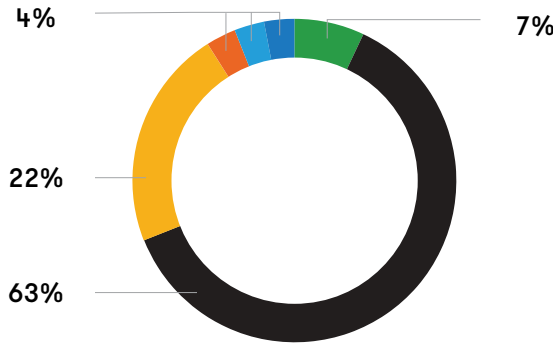
12% of our portfolio has achieved LEED certification. Notable building certification achievements this year include 438 University Avenue upgrading to LEED Platinum and Sussex Centre achieving LEED Silver. D.UN is planning to achieve LEED certification for two additional properties annually over the next three years.

100%

BOMA BEST certification of all Canadian properties over 100,000 sq. ft.

12%

LEED certified



D.UN Portfolio Certification by Type and Level*

- LEED Platinum
- LEED Silver
- BOMA BEST Gold
- BOMA BEST Silver
- BOMA BEST Bronze
- BOMA Best Certified

*Graph totals over 100% due to Sussex Centre and 438 University Avenue having both BOMA BEST and LEED certifications.

438 University Ave. is the most recent project in Canada to have earned LEED O+M v4.1 Platinum certification

438 University Avenue is one of only 31 projects that have received LEED v4.1 Platinum certification of any type, and one of only 23 that have earned LEED O+M v4.1 certification, which is specific to Operations and Maintenance. The building is outperforming buildings of similar size and occupancy, locally and globally in energy use, water use and waste diversion.

74%

less energy required to operate it

56%

less water is consumed



438 University Ave.
Toronto

Social

Our People

D.UN’s strength as an organization comes from our strong and diverse workforce. Our employees possess expertise in a wide variety of areas that benefit our business, from real estate management and development to capital markets, risk, insurance and many more.

Our people come from a wide range of backgrounds and places, bringing many valuable skills and perspectives to our team. The people we hire all have one thing in common: they share our company values and contribute to our company culture.

Consistent with our values, we are very proud to have a strong female presence in our workforce. **50%** of our managers are women.

210 total employees



Dream employees

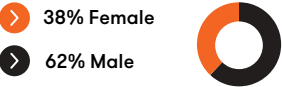
D.UN - Employee Summary

Employees ^{(1) (2)}	Total	Male	Female	Central Canada	Western Canada
Permanent ⁽³⁾	201	123	78	180	21
Contract	9	8	1	7	2
Full-time ⁽⁴⁾	209	130	79	186	23
Part-time	1	1	-	1	-

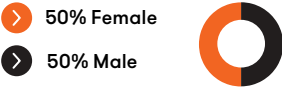
⁽¹⁾ Includes only employees 100% dedicated to Dream Office REIT activities and excludes employees on unpaid leaves of absence (e.g. permanent disability, long-term disability, parental leave) and interns.
⁽²⁾ Numbers represented as total headcount, not full-time equivalent.
⁽³⁾ Includes permanent part-time employees.
⁽⁴⁾ Includes all employees with a work schedule of 35 hours or greater per week.

Gender Breakdown

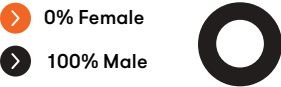
Employees*



Managers



Executive Team



* Includes employees at all levels.

New Hires and Turnover Rates*

	Total	Male	Female	Age under 30	Age 30-50	Age 50+	Central Canada	Western Canada
New hires	39	24	15	13	18	8	36	3
Voluntary turnover rate	15.5%	8.4%	7.1%	2.1%	10.5%	2.9%	13.8%	1.7%

* Includes only employees 100% dedicated to Dream Office REIT activities and excludes employees on unpaid leaves of absence (e.g. permanent disability, long-term disability, parental leave) and interns. Turnover rate is calculated as a percentage of average employee headcount for 2019.

Tenant Engagement & Leasing

Most leases in the portfolio are structured such that tenants pay for their share of resource consumption and benefit from our efficiency programs. Leases generally contain clauses that allow for the recovery of certain capital expenditures over time, some of which relate to energy efficiency and HVAC upgrades.

Tenants play an important role in managing sustainability performance of our assets. We collaborate with tenants to support both our sustainability objectives and commitments and our tenants’ sustainability priorities. Our tenant engagement program at D.UN means we are in frequent communication with all tenants through a variety of channels. In addition to providing tenants easy access to building communications through the Lane app, we also engage tenants through feedback sessions, meetings, our Tenant Sustainability Handbook, training sessions, as well as holding building events focused on increasing tenant awareness of sustainability issues such as Earth Hour. We also conduct a third-party survey annually to understand our tenant’s needs and satisfaction with our services.

D.UN is proud to manage leasing operations at several DRM and MPCT.UN developments, including Zibi and Canary Block 10. [Zibi](#) is an innovative cross-province neighbourhood that adheres to the 10 principles of the One Planet Living framework, a comprehensive sustainability plan featuring Indigenous inclusion objectives. Canary Block 10 is a mixed-use project that is home to the first purpose-built Indigenous community hub in a major North American city.



COVID-19 Response

Dream Office REIT developed [Return to Operations](#) action plans for our tenants to ensure their safe return to buildings amid the COVID-19 pandemic. These plans included measures such as:

- An overview of our enhanced cleaning and indoor air quality standards
- Lobby maps and instructions for new entrances, exits and walkways
- Sample back to work checklists encouraging health screenings and re-arrangement of office amenities to enable physical distancing
- Guidelines for physical distancing in public spaces and washrooms

In addition to developing tenant-facing Return to Operations action plans, D.UN also took numerous measures behind the scenes to improve our building operations to meet the new health and safety demands of the pandemic. This included:

- Creating building specific HVAC operating plans based on recommendations from Health Canada, the Centres for Disease Control and Prevention (CDC), The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) and Building Owners and Manager’s Association Canada (BOMA)
- Installing disinfecting ultraviolet lights on escalator handrails, elevator ventilation systems and building HVAC systems
- Piloting a Made-in-Canada robot that uses UV light to kill surface and airborne virus, bacteria, mold and flu spores in a room in 15 minutes.



Made-in-Canada UV Robot

Case Study

Bay Street
Repositioning

Dream Collection: Financial District

D.UN’s Bay Street repositioning program will enhance occupant health and well-being, plus elevate the tenant experience by curating amenities as part of one community. Though this holistic program, we are crafting stunning shared spaces in our lobbies, enhancing tenant engagement using the Lane app with activities including wellness events and yoga, and we are upgrading the buildings with features such as low-flow fixtures and new elevators. In the public realm we are creating a beautiful downtown alleyway parkette that offers our community of tenants a welcoming garden oasis and restaurant in a previously unusable space in the heart of Toronto’s Financial District.

Bay Street, Financial District
Toronto, ON



Governance

71% of D.UN Trustees are independent and 43% are women.

Sustainability efforts at D.UN are managed by the following:

Role	Responsibility
Compensation, Health & Environmental Committee	Oversees sustainability at D.UN, monitors applicable laws and regulations with respect to health and safety, reviews the environmental state of real property owned by D.UN and assesses environmental risk exposure and management practices
Sustainability Committee	Develops and implements sustainability initiatives, as well as monitors our sustainability performance. Reports to the Compensation, Health & Environmental Committee on a quarterly basis
Chief Operating Officer	Oversees the Sustainability Committee, provides an annual update to the Board on sustainability plans and performance
Vice President of Technical Services	Ensures efficiency projects are integrated into our annual capital planning projects, manages the identification of new opportunities in our buildings
Sustainability Manager	Oversees and manages portfolio sustainability initiatives including building certifications, energy, water and waste management and monitoring, as well as capital planning processes
Energy Manager	Works with our property operations teams to manage energy and water consumption, makes recommendations for continuous efficiency improvements

Compensation, Health & Environmental Committee



Donald Charter
Chair



Robert Goodall
Member



Karine MacIndoe
Member

Forward-looking Plans

In 2021, D.UN plans to participate in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment.

GRESB Real Estate Assessment

Our participation will address increasing investor interest in comparable sustainability data, demonstrate our commitment to sustainability to our stakeholders and help us compare our sustainability performance to peers. Studies* have also linked GRESB score to improved financial performance for REITs, with a 1% increase in GRESB score corresponding to a 1.3% increase in return on assets and a 3.9% increase in return on equity.

In preparation for this initiative, D.UN completed a comprehensive GRESB Diagnostics and Opportunity Assessment in 2020 with consultants, Quinn & Partners. We are using the results of this assessment to enhance our first GRESB submission.

Waste Audits

Third-party waste audits are an important pillar of D.UN’s overall approach to waste management. Third-party audits of our waste streams provide a credible and strong base for our waste management initiatives and allow us to meet regulatory requirements. Next year we plan on undertaking value-added solutions to increase waste diversion including updating our signage and offering training to site teams and tenants on the best practices of waste, recycling and organics management to help improve diversion rates.

GRESB

GRESB was established in 2009 by a group of large pension funds to access comparable and reliable data on the sustainability performance of their real asset investments. GRESB is now the leading sustainability benchmark for real estate and infrastructure investments across the world.

[Learn more about GRESB here](#)

Sustainability Working Groups

In 2021, D.UN plans to launch four voluntary employee sustainability working groups on green property operations, tenant engagement, employee engagement and reporting and communication. Each working group will be tasked with developing their own goals and action plans and will work with our Sustainability Manager, Vice President of Technical Services and Chief Operating Officer to allocate support and resources. Our goal is that the groups will serve as an open forum for ideas that will help to drive D.UN’s sustainability performance to the next level.

Smart Building Pilot

In 2020 and 2021, we will continue our Smart Building Pilot project at 80 Richmond Street West in Toronto to reposition this 80-year-old asset as a technological market leader. The pilot will involve adding a variety of technology features including an upgraded HVAC system, a new Building Automation System (BAS), Smart LED lighting, an upgraded tenant workplace experience app and more.

The goals of this project include: making the workplace better than home, leading the technological revolution, future-proofing our assets, maximizing long term value, and becoming a wellness leader.

We are eager to report on the lessons learned from this pilot project and intend to use the insights as a blueprint for future integration of smart building technologies throughout our portfolio to improve sustainability performance and tenant experience.

Leak Detection Technology

In 2021, we will begin a five year roll-out of water leak damage prevention systems at all sites across the GTA. This system pairs wireless leak detection devices with wireless water shutoff valves connected to a mobile app. The system allows our property management teams to be instantly notified of leaks and shut off water remotely. We are excited to take this step forward in modernizing our building systems to protect against costly water damage and increase the safety of our tenants as well as reduce our insurance premiums.

* University of Cambridge, 2014.